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GENERAL GUIDELINES: CHIDLIAK PROPERTY, BAFFIN, NU, PEREGRINE DIAMONDS LTD.

ABANDONMENT AND RESTORATION OF CAMP FACILITIES AND WORKSITES

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contents disposed of as waste on flight backhauls. However, Peregrine promotes use only of environmentally-benign additives, as determined by Material Safety Data Sheets (MSDS). The drill contractor is required to supply MSDS prior to an additive being approved by Peregrine for delivery to site. Drill sumps for the 2009 programme and any subsequent programmes will be sited so as to lessen the possibility of flow of drill cuttings into any neighbouring waterbodies, taking advantage of topographic features such as natural depressions and bedrock outcrops.

At final closure, old work sites, including any trench sites, will be re-inspected to ensure compliance and return of the sites to their natural condition.

SHORT-TERM SHUTDOWN

Since activity on the property is at an early stage, there will continue to be periods of short-term shutdown, *i.e.*, periods when the camp is inactive and no geophysical surveying, sediment sampling, drilling or other activity is occurring. At the end of the 2009 programme, the camps, fuels and any equipment will be secured for the winter. With another seasonal programme in 2010, a similar process would occur. A seasonal shutdown procedure will be activated. The camp would be cleaned up and secured, an inventory taken, personal and unnecessary office items removed, and empty drums and garbage removed off site for proper disposal, thus ensuring public and wildlife safety. All fuel and water lines would be drained, and all fuel and power sources would be shut off and disconnected. However, the camp will be left in such a way that all equipment, buildings and utilities remain in serviceable and safe condition, such that startup in the next season could be effected safely and efficiently, and in consonance with the terms and intent of the governing authorisations.

SCHEDULE FOR PLAN, POST-CLOSURE INSPECTION AND/OR MONITORING

Prior to seasonal closure in September 2009, inspectors will be notified of this event in advance, should they wish to visit the site. At final closure, final inspection, documentation and one or more site visits by community representatives, conducted by the permitholder in co-operation and consultation with INAC, QIA, NWB staff and local land users, will ensure successful closure of the camps. One or more community visits also may occur, if required.

The schedule for final closure cannot be known in advance, as closure is directly related to exploration outcomes and other variables at the time, but regulators and communities will be given notice, as appropriate, and final closure activities will be completed as noted in this Plan.

Some past abandonment incidents by others (non-Peregrine) at campsites and fuel caches in the NWT and Nunavut have been unfortunate, and are not condoned by this permitholder or its agents. Peregrine practises a good-neighbour policy in all its programme areas, and voluntarily removes abandoned drums or scrap that it encounters. Where the unknown abandoned areas are extensive, the permitting authorities are supplied with co-ordinates.

If, in the judgement of regulators, it is deemed that monitoring is required in regard to some component of the Chidliak camps or associated activities, this will be carried out by the permitholder in such form and manner, and for such duration, as is best able to ensure successful abandonment and restoration of the property and its future benefit to other land users.

-- Shirley Standafer-Pfister Peregrine Diamonds Ltd.

04 January 2008; Revision I: 23 June 2008; Revision II: 12 November 2008



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FIGURES

Figure 1a, Figure 1b, Figure 2

MAPS also accompany this document (Map 1, Map 2, Map 2a, Map 2b and Map 3)

INTRODUCTION

For this Peregrine Diamonds Ltd. (Peregrine) Abandonment and Restoration Plan (the Plan), which is in respect of the two seasonal fly-in tent camps, "the Chidliak main camp" and "the Chidliak lake-based camp", located approximately 45 minutes by air from Iqaluit and 1.5 hours by air from Pangnirtung, it is assumed that both camps will be operational between mid- and late April 2009 for the 2009 field season.

At seasonal closure in September 2009, usable items removed from the sites may be flown to a Peregrine facility, recycled and flown to another project, sold or returned to the supplier (if applicable). Unusable inventory which cannot be burned on-site, such as waste oil or filters, will be flown off site to Iqaluit for disposal via a waste-disposal contractor, in compliance with NU Transportation of Dangerous Goods regulations. If treatable hazardous waste should exist at the time of seasonal or permanent closure, such material will be transported to Yellowknife, then to Newalta Recycling Facility in Redwater, AB, or similar licensed facility for such waste at closer distance. In the remote possibility that non-treatable hazardous waste should exist at the time of closure, such material will be transported to Swan Hills Disposal Facility in Swan Hills, AB, or other suitable licensed facility for such waste at closer distance.

Validity of Land-Use Authorisation

Indian and Northern Affairs (INAC) Class A Land-Use Permit #N2008C0005 is now in force for activity on Crown land, along with a Nunavut Water Board (NWB) Type B Water Licence #2BE-CHI0813 and Land Licence #Q08L1C01 from the Qikiqtani Inuit Association (QIA), which is applicable to activity on Inuit-Owned Land (IOL). The two camps and proposed activities are described in the Project Description amendment accompanying this Plan. Any final abandonment and restoration shall occur when valid land- and water-use authorisations are in place, and in consultation and co-operation with the designated INAC field inspectors (land and water), the QIA inspector, NWB staff and local communities, principally the closest communities, Iqaluit, 75km east of the southwest corner of the property block, and Pangnirtung, 133km north of the northeast corner of the property block. If an archaeology permit is in place, notification also shall be provided to the Chief Archaeologist — Government of Nunavut. If a then-existing land- or water-use authorisation is due to lapse during the closure process, an extension or renewal will be sought, as appropriate.

Waste Generator Registration

Peregrine is registered as Waste Generator #NUG-100030 with the Government of Nunavut – Department of the Environment (DOE), and any non-burnable waste transported off site will be accompanied by a DOE Waste Manifest Form and a Transportation of Dangerous Goods aircarrier form, then properly disposed of by Peregrine's expeditor agents in accordance with existing legislation and any directives. Initial Waste Receiver is Qikiqtaaluk Corporation-Environmental; additional registered waste receivers (Ecolocycle and BFI Canada, both in Lachenaie, PQ) are identified in Peregrine's Waste Generator Form supplied to DOE.

BUILDINGS AND CONTENTS

The main camp accommodated up to 15 persons in 2008; the number will rise to 25 persons in 2009 (*Map 1*) to reflect the increase in programme activities, and will be comprised of 7-8 sleep tents (up from 5), a generator shed, storage shed, first-aid tent, latrine, office, core shack, kitchen and dry – all of which can be disassembled, removed and reused later (*Drawing 1*). Use areas will include two fuel-drum storage areas (one each for diesel and aviation fuel), burn area (incinerator) and helicopter-landing area. Activities in 2009 will include airborne and ground geophysics, sediment sampling, claims-staking, trenching and drilling of both exploration and delineation targets; two drill shacks will be operational and moved from site to site, as required. Sleep and work tents will be heated by oil stoves supplied with diesel fuel in 205L drums. A portable bear fence will be erected.

A second, lake-based camp will be established approximately 15km east of the main camp (*Drawing 2*), as the location provides the closest access to lake ice for landing larger aircraft capable of carrying drill rigs, a piece of heavy equipment and sufficient fuel drums to efficiently support the programme. This second camp would be the same size as the main camp and set up in a similar configuration of tents and fuel caches, and comply with the same rigourous conditions already set under the existing permit and licence. At final closure, all tent structures, any bear fences and contents of both camps deemed reusable will be dismantled and the components transported off-site by plane. Non-reusable items will be dismantled and clean, untreated wooden components burned on site on a gravel or sand area, if allowed, with all débris such as nails, bolts and screws raked up, bagged and removed off-site for disposal to a pre-authorised community waste disposal facility. On-site burning would involve only untreated timbers, construction scrapwood and plywood, in order to lessen the fuel burden of flying out such items, and only in compliance with the Canada-Wide Standards (CWS) for Dioxins and Furans, the CWS for Mercury Emissions and other governing legislation; items such as plastics and Styrofoam are non-burnable and will not be burned on site.

Any absorbent padding used where fuel is transferred, such as at the generator and at camp structures, will be bagged and removed to the nearest authorised disposal facility after burning has ceased at camp. The area around each diesel drum will be inspected and the soil beneath will be sampled, if necessary, for potential hydrocarbon contamination; sampling will be in accordance with accepted sampling protocol and analysed in an accredited environmental laboratory against CCME criteria. Any remediation will be in accordance with the Canadian Council of Ministers of the Environment (CCME) CWS for Petroleum Hydrocarbons (PHC) in Soil (latest revision), the CCME CWS for PHC in Soil - Technical Supplement (latest revision), the Nunavut Environment Department's Environmental Guideline for Site Remediation, and informed by the PHC in Soil CWS User Guidance Document (latest revision). Contaminated soil will be drummed, manifested and disposed of properly off-site with a Waste Receiver, or remediated on site. Used drip pans or pails will be flown out for disposal with other contaminated solid waste. With the concurrence of regulatory authorities, contaminated soil can be shovelled onto clean tarps for aeration through turning. The advantages of this method is that it is faster than natural attenuation yet is noninvasive of permafrost regimes and appropriate for small, localised hydrocarbon leaks and spills, where time is available (e.g., aeration over at least several field seasons, until the excavated soil tests within Tier 1 CCME criteria for industrial soil, coarse-grained or fine-grained). Should sufficient contaminated soils be identified prior to closure, an engineered land farm could be constructed to accommodate larger volumes of soil for longer-term remediation. Such remediation would be conducted in accordance with any plans then approved by regulatory authorities.

The drill shacks, pump shacks and drilling and trenching equipment, any scrap, fuels, lubricants, additives and waste hydrocarbons will be flown off site at the end of the respective programme and prior to closure.

INFRASTRUCTURE SUPPORT

Freshwater Supply and Greywater System

Potable water for main-camp use will be obtained from the unnamed stream east of camp. All lines associated with the water intake will be drained, dismantled and removed off-site for future re-use.

In the case of the second, lake-based camp, potable water will be obtained from the unnamed lake immediately east of camp, and water lines would be handled as for the main camp. In both camps, the greywater system will consist of plastic pipe and greywater sumps which receive water from the camp kitchen and dry (one sump for each). The greywater lines will be drained, dismantled and removed off-site for disposal or recycled to another project. The sumps and immediate environs will be examined, any remaining débris removed, the sumps backfilled/levelled/restored to prior condition, combustibles burned or bagged and remaining bagged materials transported off-site for disposal. If necessary, the sump pits will be treated with lime or Javex to kill odours which might attract animals.

Two Pacto toilets will be used for each camp; no water use is required.

Refuse Disposal Facilities

All combustible wastes will be burned on site in a CSA dual-chamber fuel-fired incinerator (Inciner8 model), one per camp. Particular care will be taken to secure and then burn all food wastes at least daily, to limit animal attraction. Non-combustibles will be flown off-site for disposal, as noted elsewhere in this Plan. These practices will remain in effect until the camps are closed. At the point where incineration is no longer required, *i.e.*, at the completion of cleanup, the incinerators themselves will be removed off-site.

The wooden latrine will be dismantled and components burned. If Pactos are on site at the time, these will be cleaned and recycled to another project. Any existing pit privy holes from 2008 will be backfilled. The ground in the vicinity of the shed will be levelled and raked, if necessary, so that the site is restored to prior condition.

Generator Area

The shed will be inspected for any remaining hazardous materials (such as oil for generators, equipment and all-terrain vehicles), cleaned and dismantled for salvage or disposal, and the ground inspected. At Peregrine camps, used motor oil typically is collected in an empty drum and removed for recycling. Where practical, given the remote location, this practice will continue until final closure; where not practical, the waste oil will be flown out for proper disposal. Used materials such as floor-dry (vermiculite), drip pans and padding will be properly disposed of off-site. Any oil-or fuel-contaminated soil will be removed for proper disposal, or remediated as described on Page 2. If necessary, the ground in the vicinity of the shed will be sampled for contamination. The use areas will be raked clean and restored to prior condition.

Transportation Facilities

In 2009, it is expected that transportation facilities at the camps will consist of the gravel/cobble airstrip at the main camp and lake ice as an ice landing strip at the lake-based camp during winter conditions, as well as a helicopter landing pad for each camp (a level patch of gravel adjacent to the camp). The helipad area will be checked and any contaminated soil will be bagged and disposed of properly off-site, or remediated as described on Page 2. If necessary, ground in the vicinity of the pads will be sampled for hydrocarbon contamination. The use areas will be raked clean and restored to prior condition. No material will be stored on lake ice at the lake-based camp, and at seasonal and final closure, the ice surface will be checked for any landing-strip markers or similar and any remaining items removed.

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Any access trails used between the camps and worksites, or between the two camps, will be monitored to ensure no leakage of fuel or fluid (from snowmachines or heavy equipment), and no fuel will be cached on ice strips. If the CAT 247B Skidsteer loader to be used to clear the lake strip or to excavate rock sample from the trenches is conveyed overland from Iqaluit to site, the route will be checked following use and again in summer conditions prior to end of operations to remove any scrap materials which had been inadvertently left behind and obliterated by winter snows (e.g., bits of insulation, plastic, wood).

Although heavy equipment is not considered transportation, its movement to worksites, or between worksites and camps, will be monitored by project personnel, and no débris left behind at its use area. When stationary, the equipment will be parked over a drip pan on a drive-on drip pad to lessen the need for cleanup measures at camp closure.

FUEL STORAGE AREAS

For each of the camps, the fuel storage area will consist of segregated groups of drums, with empties separated from full drums of diesel and aviation fuel. Waste fuel will be sent out as manifested Class 9 waste on backhauls. Propane, as standard 45kg cylinders, will be stored upright and secured beside the kitchen and dry areas. At programme closure, unneeded drums and cylinders will be removed; at final closure, all fuel containers will be removed.

Should some drums be left in the camp cache for use in 2010, a fuel inventory will be completed to assess the quantity and type of fuel remaining, and the storage areas inspected. Any contaminated soil will be bagged and removed for proper disposal, if in small quantity, or remediated as described on Page 2. If necessary, the ground in the storage areas will be sampled for contamination. The use areas will be restored to prior condition. At final closure, all fuels and empty drums will be removed; usable fuel will be transported to another project or returned with empties to the supplier.

CHEMICAL STORAGE

The chemicals to be used on site will be limited to household-strength cleaning supplies such as Javex, ammonia-based cleaning sprays, wash soaps, degreasers and the like, and limited miscellaneous items such as antifreeze, insect repellent and aerosols. These will be stored in their original containers in their respective use areas, and removed off-site with routine backhauls and properly disposed of or returned to the supplier, as applicable. In 2009, the drilling contractor responsible will store the required drilling muds, additives, oils and lubricants in a temporary shed at drillside; these materials would not be present on site at closure. Upon closure of the camps, any unused inventory will be recycled to another project, returned to the supplier or properly disposed of; partially-used containers will be removed for disposal. As part of final closure activities, areas in the immediate vicinity of chemical storage areas, such as the kitchen, dry and generator shed, will be inspected, any soil so requiring will be collected, bagged and removed off-site for disposal. If necessary, ground at chemical storage areas will be sampled for contamination.

Materials for blasting will be under the control of the blasting contractor and not accessible to project personnel. If a storage magazine is required, this also will be under the control of the blasting contractor. When the blasting contractor leaves site, no blasting materials or devices will be left behind, and no blasting materials will be on site at time of final closure.

MOBILE AND FIXED EQUIPMENT

All mobile and fixed equipment will be removed from the site prior to closure. This inventory in 2009 will include generators, pumps, all-terrain vehicles in the camp area, snowmachines, and power and hand tools, welding and drilling equipment, pipe and heavy machinery (CAT 247B Skidsteer).

Any equipment required for abandonment and restoration, such as the CAT, shovels, chainsaw, a generator for power tools, etc., will remain on site until all activities are completed. Areas such as sump pits will be re-covered with reserved overburden and recontoured, if required, to blend with surrounding terrain and ensure drainage away from nearby watercourses.

Before removal from site, the CAT will be employed in site cleanup, as required, with special emphasis on restoration of trenched areas by means of re-covering with the stockpiled overburden and re-contouring to blend with surrounding terrain and ensure drainage away from nearby watercourses.

WATER MANAGEMENT

During fieldwork, water consumption figures will be kept and the total reported in the Nunavut Water Board (NWB) Annual Report.

Water-quality sampling will occur as part of final abandonment and restoration activities, if required, and will be conducted in compliance with the NWB water licence then in effect. Grab samples will be collected from the camp water sources (stream for main camp, lake for lake-based camp) for analysis of standard parameters against CCME guidelines by an accredited environmental laboratory to ensure minimal degradation from the demobilisation and abandonment of the campsite. Seasonal water-quality monitoring will occur in association with lake-based drilling, in compliance with the Drilling from Ice Guidelines, and at trenched locations, should water be reserved/contained in sumps for sampling due to use of explosives. Should blasting be necessary to break up the rock sample, water accumulating in blast trenches would report to a lined sump or sumps or poly tanks brought to site for monitoring; this sump or tank water would be sampled before any release to the environment occurred.

Source water will be used only as required, *i.e.*, not wasted, and bottled water will be used to supplement drinking water, as necessary.

DRILL SITE MANAGEMENT AND CLOSURE; TRENCH CLOSURE

In compliance with best practice, Peregrine ensures that each drillsite is properly cleaned up when the hole is closed, not simply when the project closes. In compliance with the land-use permit then in effect, any lake-based coreholes will be closed with grout plugs, any lake-based large-diameter holes (should such be drilled in a future year) will be capped with cement, and land-based holes cemented and casings cut. Locations of drillholes are recorded as GPS co-ordinates for future reference. Drillhole locations proposed for 2009 are attached as *Figures 1a-1b* and *Maps 2, 2a, 2b*. The co-ordinates of the proposed 2009 trenching sites are attached to this Plan as *Figure 2* and *Map 3*. Trench closure is discussed in the section "Mobile and Fixed Equipment".

In addition to closure of the drillhole, and removal of all associated equipment and débris, drill sumps also are inspected. In almost all cases, the underflow material consists only of sandy/silty water. However, where necessary, sumps are backfilled; if this is not possible due to snowcover and frozen ground, then any sumps requiring backfill will be filled in summer conditions. Should additives be used in any holes, the associated sediments will be placed in poly-lined sumps where necessary and the liner material and

FIGURE 1a

PEREGRINE DIAMONDS LTD. - CHIDLIAK PROJECT PROPOSED DRILL TARGETS 2009

Target	Anomaly No.	Lat. WGS84	Long. WGS84	Surface
(Drillhole #)				
1	CHI-025	64° 35′ 17.7″	66° 22' 14"	Land
2	CHI-026	64° 35' 17"	66° 22' 15.7"	Land
3	CHI-033	64° 23' 51"	66° 29' 21"	Land
4	CHI-042	64° 25' 57.8"	66° 21' 23"	Lake
5	CHI-050	64° 19' 19"	66° 31' 46.8"	Land
6	CHI-057	64° 22' 53"	66° 18' 04"	Land
7	CHI-064	64° 17' 17"	66° 24' 46"	Land
8	CHI-075	64° 13' 52"	66° 29' 13"	Land
9	CHI-076	64° 16' 40.9"	66° 23' 0.3"	Land
10	CHI-087	64° 15' 44"	66° 22' 41"	Land
11	CHI-091	64° 14' 32"	66° 24' 07.8"	Land
12	CHI-101	64° 14' 31.9"	66° 21' 04"	Land
13	CHI-104	64° 12' 16"	66° 25' 42,4"	Land
14	CHI-111	64° 15′ 40.9″	66° 17' 11"	Land
15	CHI-126	64° 13' 37"	66° 13' 05"	Land
16	CHI-131	64° 16' 08"	65° 57' 28.6"	Land
17	CHI-132	64° 13' 03"	66° 13' 28"	Lake
18	CHI-133	64° 14' 29.7"	66° 07' 11"	Lake
19	CHI-140	64° 10' 46.7"	66° 11' 59.8"	Land
20	CHI-143	64° 13' 0.2"	66° 07' 33.8"	Land
21	CHI-146	64° 16' 27.7"	65° 57' 27"	Land
22	CHI-153	64° 10′ 34.9″	66° 05' 12.8"	Lake
23	CHI-154	64° 10' 44.7"	66° 05' 53"	Lake
24	CHI-157	64° 12' 12"	66° 01' 25.7"	Land
25	CHI-160	64° 41' 46"	66° 27' 34"	Land
26	CHI-165	64° 37' 59"	66° 32' 43"	Lake
27	CHI-166	64° 37' 51"	66° 32' 39.9"	Lake
28	CHI-167	64° 41' 15"	66° 24' 44"	Land
29	CHI-173	64° 40' 24.6"	66° 18' 57"	Land
30	CHI-174	64° 41' 53"	66° 19' 48"	Land

FIGURE 1b

PEREGRINE DIAMONDS LTD. - CHIDLIAK PROJECT PROPOSED DELINEATION COLLAR CO-ORDINATES - 2009

Drillhole	Lat. WGS84	Long. WGS84	Kimberlite	Direction
ID#				of Drilling
D-1	64° 15' 53.0856"	66° 19' 58.1988"	CH1	Vertical
D-2	64° 15' 53.0856"	66° 19' 58.1988"	CH1	North
D-3	64° 15' 53.0856"	66° 19' 58.1988"	CH1	East
D-4	64° 15' 53.0856"	66° 19' 58.1988"	CH1	South
D-5	64° 15' 53.0856"	66° 19' 58.1988"	CH1	West
D-6	64° 16' 42.7296"	66° 20' 40.6104"	CH2	Vertical
D-7	64° 16' 42.7296"	66° 20' 40.6104"	CH2	North
D-8	64° 16' 42.7296"	66° 20' 40.6104"	CH2	East
D-9	64° 16' 42.7296"	66° 20' 40.6104"	CH2	South
D-10	64° 16' 42.7296"	66° 20' 40.6104"	CH2	West
D-11	64° 13' 12.676"	66° 6' 30.6"	CH3	Vertical
D-12	64° 13' 12.676"	66° 6' 30.6"	CH3	North
D-13	64° 13' 12.676"	66° 6' 30.6"	CH3	East
D-14	64° 13' 12.676"	66° 6' 30.6"	CH3	South
D-15	64° 13' 12.676"	66° 6' 30.6"	CH3	West

FIGURE 2

PEREGRINE DIAMONDS LTD. - CHIDLIAK PROJECT PROPOSED TRENCH LOCATIONS - 2009

TRENCH NAME	LOCATION (CENTRE CO-ORDINATES, Lat./Long.)	ORIENTATION	DIMENSIONS (W x L x D)
Trench #1 *	64° 15' 54.7" - 66° 19' 57.7"	E-W	0.9m x 10m x 0.5m
Trench #2	64° 15' 57" - 66° 20' 02"	NE-SW	0.9m x 10m x 2.0m
Trench #3	64° 15' 53.3" - 66° 19' 52.3"	NE-SW	0.9m x 10m x 2.0m
Trench #4	64° 15' 52.6" - 66° 20' 01"	NE-SW	0.9m x 10m x 2.0m
Trench #5	64° 15' 52.6" - 66° 19' 57"	NE-SW	0.9m x 10m x 2.0m
Trench #6	64° 15' 50.8" - 66° 19' 57"	NE-SW	0.9m x 10m x 2.0m
Trench #7	64° 15′ 50.8" - 66° 20′ 01.3"	NE-SW	0.9m x 10m x 2.0m